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**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
MONROE, LOUISIANA**

**ANNUAL FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/29/07

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2006**

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**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**(A Component Unit of Ouachita Parish Police Jury)**  
**Management's Discussion and Analysis**  
**For The Fiscal Year Ended December 31, 2006 And 2005**

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As management of the East Ouachita Recreation District No. 1 of the Parish of Ouachita, State of Louisiana ("District"), we provide readers of the District's financial statements this narrative overview and analysis of the financial activities of the Recreation District, for the year ended December 31, 2006. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

Our financial statements provide these insights into the results of this year's operations:

- Net assets of our governmental activities decreased by \$34,676 or .80%.
- Total net assets are comprised of the following:
  - (1) Invested in capital assets of \$2,505,500 that included property and equipment, net of accumulated depreciation (\$2,437,403).
  - (2) Unrestricted net assets of \$999,419 that represent the portion available to maintain continuing obligations to citizens and creditors.
- Revenues of our governmental activities totaled \$891,178, an increase of 5.5% from the prior year total of \$845,111, while expenditures, totaled approximately \$1,094,329 an increase of 33.4% from the prior year total of \$820,343.
- Approximately \$300,528 was expended in the current year primarily for capital expenditures on building improvements and renovations.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's basic financial statements consist of the following components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements
4. Required supplementary information, and
5. Other supplementary information, which is in addition to the basic financial statements themselves.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**(A Component Unit of Ouachita Parish Police Jury)**  
**Management's Discussion and Analysis**  
**For The Fiscal Year Ended December 31, 2006 And 2005**

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**1. Government-Wide Financial Statements**

Government-wide financial statements are designed by GASB statement 34 to change the way in which governmental financial statements are presented. It now provides readers a concise "entity-wide" Statement of Net Assets and Statement of Activities. These statements include all assets and liabilities using the accrual basis of accounting in a manner similar to a private-sector business.

- A. The statement of net assets presents information on all of the District's assets and liabilities using the accrual basis of accounting. The difference between the assets and liabilities is reported as net assets. The net assets are segregated between investment in capital assets, restricted assets or unrestricted assets. These categories are determined by the nature or source of the net asset. Amounts available in unrestricted net assets may be utilized for continued operation and maintenance of recreation facilities or programs in the future. Over time, increase or decrease in net assets may serve as a useful indicator of whether the financial position of the District is improving or weakening.
- B. The statement of activities presents information showing how the government's net asset changed during the most recent fiscal year. This statement shows the difference between expenditures and revenues for recreation activities and the general revenues of the District. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow.

**2. Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State Law and by bond covenants. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District consist of one category: governmental funds.

- A. Governmental funds are used to account for most of the District's basic services as reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
- B. The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Debt Service Fund.
- C. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the conversion from governmental funds to governmental activities.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**(A Component Unit of Ouachita Parish Police Jury)**  
**Management's Discussion and Analysis**  
**For The Fiscal Year Ended December 31, 2006 And 2005**

Our auditor has provided assurance in the independent auditor's report, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor regarding this Management's Discussion and Analysis and the Required Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Financial Report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS AS A WHOLE**

The District's net assets decreased by \$34,676 compared to a \$24,758 increase in the prior year.

**NET ASSETS**

A condensed comparative summary of the Statement of Net Assets is presented in Table A

**Table A**  
**Condensed Statement of Net assets**

	<u>FY 2006</u>	<u>FY 2005</u>	<u>Dollar Change</u>	<u>Total % Change</u>
Current Assets	\$1,024,220	\$1,221,466	\$(197,246)	(16.1)%
Capital Assets	<u>2,505,500</u>	<u>2,341,407</u>	<u>164,093</u>	<u>7.0%</u>
<b>Total Assets</b>	<u>3,529,720</u>	<u>3,562,873</u>	<u>(33,153)</u>	<u>(0.9)%</u>
Long-Term Debt	0	0	0	0.0%
Other Liabilities	<u>24,801</u>	<u>23,278</u>	<u>1,523</u>	<u>6.5%</u>
<b>Total Liabilities</b>	<u>24,801</u>	<u>23,278</u>	<u>1,523</u>	<u>6.5%</u>
Invested in Capital Assets, Net of Related Debt	2,505,500	2,341,407	164,093	7.0%
Restricted	0	0	0	0.0%
Unrestricted	<u>999,419</u>	<u>1,198,188</u>	<u>(198,769)</u>	<u>(16.6)%</u>
<b>Total Net Assets</b>	<u>\$3,504,919</u>	<u>\$3,539,595</u>	<u>\$(34,676)</u>	<u>0.8%</u>

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**(A Component Unit of Ouachita Parish Police Jury)**  
**Management's Discussion and Analysis**  
**For The Fiscal Year Ended December 31, 2006 And 2005**

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Net assets may serve over time as a useful indicator of a government's financial position. The District assets exceeded its liabilities at the close of the current year by \$3,504,919 (net assets) compared to \$3,539,595 at the prior year-end. Of this amount, 999,419 is unrestricted net assets. This represents 28.5% of net assets and is resources that are available to be used to meet the District's ongoing obligation to citizens and creditors. The district's unrestricted net assets decreased by \$34,676 during the year, largely from increased spending on capital assets.

The district has total assets of \$3,529,720 compared to \$3,562,873 at the prior year-end. Of the total assets \$2,505,500 are capital assets, net of depreciation compared to \$2,341,407 at the end of 2005.

**CHANGES IN NET ASSETS**

The governmental activities of the District include recreation, i.e. activities buildings, tennis, and baseball and softball fields. Property taxes fund most of these governmental activities.

A condensed comparative summary of the Statement of Activities is presented in Table B. This table shows the District expenditures related to the functions/programs associated with its governmental activities. The table gives an indication of how the District's resources are utilized and the source of the resources.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**(A Component Unit of Ouachita Parish Police Jury)**  
**Management's Discussion and Analysis**  
**For The Fiscal Year Ended December 31, 2006 And 2005**

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**Table B**  
**Condensed Statement of Activities**

	<u>FY 2006</u>	<u>FY 2005</u>	<u>Dollar Change</u>
Governmental Activities Recreation			
Program express			
Operating costs	\$793,801	\$697,055	\$96,746
Interest expense	0	0	0
Depreciation	<u>136,435</u>	<u>123,288</u>	<u>13,147</u>
Total program expenses	930,236	820,343	109,893
Program revenues			
Charges for services and grants	77,561	91,091	(13,530)
Net Program Revenue Before General Revenues	852,675	729,252	123,423
General Revenues			
Ad valorem taxes	803,085	709,086	93,999
Other revenues	6,020	33,149	(27,129)
Interest income earned	<u>8,894</u>	<u>11,775</u>	<u>(2,881)</u>
Total General Revenue	<u>817,999</u>	<u>754,010</u>	<u>63,989</u>
Charge in Net Assets	(34,676)	24,758	(59,434)
Beginning Net Assets	<u>3,539,595</u>	<u>3,514,837</u>	<u>24,758</u>
Ending Net Assets	<u>\$3,504,919</u>	<u>\$3,539,595</u>	<u>\$(34,676)</u>



**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**(A Component Unit of Ouachita Parish Police Jury)**  
**Management's Discussion and Analysis**  
**For The Fiscal Year Ended December 31, 2006 And 2005**

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Operating costs for the recreation activities of the District increased substantially to \$930,236 compared to \$820,343 in 2005. Depreciation expense for 2006 was \$136,435, an increase of \$13,147 from 2005 depreciation expense. This was the result of more capital acquisitions for building improvements and ballfield improvements.

As indicated above, ad valorem tax revenue is the largest revenue source for the District comprising 98% and 94% of general revenues for 2006 and 2005. During the years ended December 31, 2006 and 2005, property taxes of 7.50 and 7.32 mills were levied on property inside of the District boundaries, respectively. The District's gross tax assessed for 2006 increased by \$63,558 to \$792,617 compared to \$729,059 for 2005.

#### **FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

As previously stated, the District maintains two governmental funds, the General Fund, and the Debt Service Fund. The District's governmental funds reported combined ending balances of \$941,981 and \$1,145,132 for the fiscal years ended 2006 and 2005. This is an increase of \$203,151 from the prior year-end. The decrease was due to an increase in spending for capital outlay and maintenance of facilities.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The District adopts an annual budget for its General Fund. Prior to year end, the District amended its' budget for the year ending December 31, 2006 to reflect the changes in revenue received and operating expenditures incurred. A budget comparison schedule has been included for the General Fund to demonstrate compliance with the legally adopted budget. An analysis of significant budget variances in the General Fund is as follows:

1. Revenues:
  - There were no significant variations between the final budgeted revenues and the actual amounts realized for 2006 for revenues.
2. Expenditures:
  - Budgeted amounts for expenditures were amended primarily to adjust amounts within expenditure line items. The primary increase incurred between the original and final budget was to reflect an additional capital outlay for a new roof.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**(A Component Unit of Ouachita Parish Police Jury)**  
**Management's Discussion and Analysis**  
**For The Fiscal Year Ended December 31, 2006 And 2005**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of December 31, 2006 and 2005, the District had \$4,454,367 and \$4,153,839 invested in capital assets including buildings and improvements, furniture and fixtures, equipment, and vehicles (See table below).

	<u>FYE 2006</u>	<u>FYE 2005</u>
Buildings	\$3,770,631	\$3,479,122
Office equipment	13,448	12,553
Janitorial	3,284	3,284
Recreational equipment	184,196	184,196
Concessions	9,230	9,230
Auto	64,784	64,784
Baseball field equipment	236,981	230,744
Baseball field lights	109,895	109,895
Fence	<u>61,918</u>	<u>60,031</u>
Totals	<u>\$4,454,367</u>	<u>\$4,153,839</u>

This year's major additions included improvements to baseball fields and grounds.

**Debt**

At year end, the District had a zero balance in general obligation bonds payable. The general obligation bonds were paid off in 2004, two years ahead of schedule.

**ECONOMIC FACTORS**

The District's revenues consist of ad valorem taxes, state revenue sharing, and recreation program fees. The Board of Commissioners actively monitors revenues and expenses and evaluates the costs of proposed expansion projects. Currently the Board is preparing land for baseball and softball fields. They actively solicit parish government and state government aid whenever possible to help with the cost of these projects.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Leon Sivils, Secretary-Treasurer of the East Ouachita Recreation District #1, 200 Balboa Dr., Monroe, Louisiana.

## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
East Ouachita Recreation District Number One  
Ouachita Parish  
State of Louisiana  
Monroe, Louisiana

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the East Ouachita Recreation District Number One of the Parish of Ouachita, State of Louisiana, a component unit of Ouachita Parish Police Jury, as of and for the year ended December 31, 2006, as listed in the table of contents. These statements are the responsibility of the Board of Commissioners of the Recreation District. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the East Ouachita Recreation District Number One of the Parish of Ouachita, State of Louisiana, as of December 31, 2006, and the respective changes in financial position for the year ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the East Ouachita Recreation District Number One. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Board of Commissioners  
East Ouachita Recreation District Number One  
Ouachita Parish, State of Louisiana  
Monroe, Louisiana  
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In accordance with Government Auditing Standards, we have also issued a report dated June 21, 2007 on our consideration of East Ouachita Recreation District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the required supplemental information on pages 1 through 8 and pages 24 through 26 are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement of presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

*The Robinette Firm, APAC*

The Robinette Firm, A Professional Accounting Corporation

Monroe, Louisiana  
June 21, 2007

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**BASIC FINANCIAL STATEMENTS**

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**PARISH OF OUACHITA, STATE OF LOUISIANA**  
**Monroe, Louisiana**

**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2006**

**ASSETS**

**Current Assets:**

Cash and investments	\$ 255,876
Receivables	<u>768,344</u>
Total Current Assets	1,024,220

**Noncurrent Assets:**

Capital assets, net of accumulated depreciation	2,016,964
Land	<u>488,536</u>
Total assets	<u>\$3,529,720</u>

**LIABILITIES**

**Current Liabilities:**

Accounts payable	\$ 11,949
Accrued Expenses	<u>12,852</u>
Total Current Liabilities	24,801

Long-term debt	<u>0</u>
Total liabilities	<u>24,801</u>

**NET ASSETS**

Capital assets, net of related debt	2,505,500
Restricted for debt service	0
Unrestricted	<u>999,419</u>
Total Net Assets	<u>3,504,919</u>

<b>TOTAL LIABILITIES, NET ASSETS</b>	<u><b>\$3,529,720</b></u>
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**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2006**

**FUNCTIONS / PROGRAMS**

**GOVERNMENTAL ACTIVITIES:**

General Government -Recreation	\$ 930,236
Total Governmental Activities	<u>930,236</u>

**PROGRAM REVENUES:**

Charges for services	77,561
Grants	<u>0</u>
Net Governmental Activities	852,675

**GENERAL REVENUES:**

Ad valorem taxes	803,085
Investment earnings	8,894
Other	<u>6,020</u>
Total General Revenues	<u>817,999</u>

<b>CHANGE IN NET ASSETS</b>	(34,676)
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<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,539,595</u>
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<b>NET ASSETS, END OF YEAR</b>	<u><u>\$3,504,919</u></u>
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**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**BALANCE SHEETS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

<b>ASSETS</b>	<b>General Fund</b>	<b>Debt Service Funds</b>	<b>Governmental Funds</b>
Cash	\$ 246,530	\$ 9,346	\$ 255,876
Receivables	<u>710,906</u>	<u>0</u>	<u>710,906</u>
Total assets	<u>\$ 957,436</u>	<u>\$ 9,346</u>	<u>\$ 966,782</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 11,949	\$ 0	\$ 11,949
Accrued expenses	<u>12,852</u>	<u>0</u>	<u>12,852</u>
Total liabilities	<u>24,801</u>	<u>0</u>	<u>24,801</u>
<b>EQUITY AND OTHER CREDITS</b>			
Fund balances:			
Unreserved-	932,635	9,346	941,981
Reserved for debt service	<u>0</u>	<u>0</u>	<u>0</u>
Total equity and other credits	<u>932,635</u>	<u>9,346</u>	<u>941,981</u>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<u>\$ 957,436</u>	<u>\$ 9,346</u>	<u>\$ 966,782</u>
<b>RECONCILIATION TO STATEMENT OF NET ASSETS:</b>			
TOTAL FUND EQUITY, GOVERNMENTAL FUNDS			\$ 941,981
Differences in reporting for the statement of net assets			
Capital assets and depreciation			2,505,500
Property tax accrual			<u>57,438</u>
Net Adjustment			<u>2,562,938</u>
TOTAL NET ASSETS, GOVERNMENT-WIDE			<u>3,504,919</u>

See accompanying notes to the financial statements.



**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**PARISH OF OUACHITA, STATE OF LOUISIANA**  
**Monroe, Louisiana**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Ad valorem taxes	\$798,652	\$ 51	\$ 798,703
Concessions	28,158	0	28,158
Membership dues	10,177	0	10,177
Registration fees	39,226	0	39,226
Interest	8,894	0	8,894
Other	<u>6,020</u>	<u>0</u>	<u>6,020</u>
Total revenues	<u>891,127</u>	<u>51</u>	<u>891,178</u>
<b>EXPENDITURES</b>			
Current:			
Administration	102,918	0	102,918
Athletics	31,545	0	31,545
Operations and maintenance	239,890	0	239,890
Salaries and benefits	399,683	0	399,683
Concessions	19,765	0	19,765
Capital outlay	300,528	0	300,528
Debt service:			
Principal retirement	0	0	0
Interest and fiscal	<u>0</u>	<u>0</u>	<u>0</u>
Total charges	<u>1,094,329</u>	<u>0</u>	<u>1,094,329</u>
Excess of Revenues Over (Under) Expenditures	<u>(203,202)</u>	<u>51</u>	<u>(203,151)</u>
Other Financing Sources (Uses)			
Transfer in	0	0	0
Transfer out	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(203,202)	51	(203,151)
<b>FUND BALANCE, DECEMBER 31, 2005</b>	<u>1,135,837</u>	<u>9,295</u>	<u>1,145,132</u>
<b>FUND BALANCE, DECEMBER 31, 2006</b>	<u>\$ 932,635</u>	<u>\$ 9,346</u>	<u>\$ 941,981</u>

See accompanying notes to the financial statements.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**INTRODUCTION**

The East Ouachita Recreation District Number One, Monroe, Louisiana, (the "District") was established by the Ouachita Parish Police Jury in 1978, under Louisiana Revised Statute (LSA-RS), for provision of a public recreation center. The District is operated by a board of commissioners which is appointed by the Ouachita Parish Police Jury. The District operates three recreation facilities; Swartz-Lakeshore, Osterland and Sterlington.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the East Ouachita Recreation District Number One is considered a component unit of Ouachita Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non fiduciary activities of the East Ouachita Recreation District Number One. For the most part, the effect of inter fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The East Ouachita Recreation District Number One reports the following governmental funds:

The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

The Debt Service Fund accounts for transactions relating to resources retained and used for payment of principal and interest on long-term obligations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of inter fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash Deposits and Investments**

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the East Ouachita Recreation District Number One's investment policy allow the entity to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., curbs, sidewalks, drainage, lighting, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The East Ouachita Recreation District Number One maintains a threshold level of \$200 or more for capitalizing capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Infrastructure assets	15-25 years
Land improvements	15-25 years
Buildings and building improvements	30-40 years
Furniture and fixtures	7-10 years
Vehicles	3-5 years
Equipment	5-10 years

**Budget Practices**

The Board of Commissioners adopts an annual budget for the General Fund. The annual budget is prepared in accordance with the cash basis of accounting. The budget was completed and available for public inspection on November 10, 2005. A public hearing was held on November 28, 2005 to discuss the budget. The budget was approved by the Board on November 28, 2005. Upon approval of the Board of Commissioners, budgeted amounts can be transferred within expense categories. The Board adopts an amended budget approving the adjustment of expenditures. Appropriations lapse at year-end.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences**

The District has the following policy relating to vacation and sick leave:

All full-time employees earn five to ten days of vacation leave each year, depending on their length of service. Part-time employees earn 20 hours annually after one year of service. Vacation time can be accumulated up to twenty days. Employees earn five to ten days of sick leave each year. Sick leave is not accumulated.

The District's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-term Obligations**

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**Reconciliations of Government-wide and Fund Financial Statements**

The following reconciles the fund balances of governmental funds to the government-wide statement of net assets:

Capital assets and depreciation	2,505,500
Property tax accrual	<u>57,438</u>
Net adjustment	\$ <u>2,562,938</u>

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Reconciliations of Government-wide and Fund Financial Statements (Continued)**

The following reconciles the net changes in fund balance-total governmental funds to the changes in net assets of governmental activities.

Property taxes receivable	\$ 4,382
Depreciation	(136,435)
Capital outlay	<u>300,528</u>
Net adjustment	\$ <u>168,475</u>

**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

At December 31, 2006, the District had cash and cash equivalents (book balances) totaling \$255,876 as follows:

Demand deposits	\$255,876
Savings accounts	<u>0</u>
Total	\$ <u>255,876</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a written policy for custodial credit risk, however their practice is to require banks to pledge securities equal to the amount on deposit with the bank less the applicable federal deposit insurance.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2006, the District had \$333,664 in deposits (collected bank balances). These deposits are secured from risk by \$145,343 of federal deposit insurance and \$532,449 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**PARISH OF OUACHITA, STATE OF LOUISIANA**  
**Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**NOTE 3 - RECEIVABLES**

The following is a summary of receivables at December 31, 2006:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Taxes:			
Ad valorem taxes	\$710,906	\$ 0	\$710,906
Grant revenue	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$710,906</u>	<u>\$ 0</u>	<u>\$710,906</u>

Property taxes which are delinquent over one year are written off.

**NOTE 4 - CAPITAL ASSETS**

The following is a summary of changes in the general fixed assets account group for the fiscal year:

	<u>Balance December 31, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2006</u>
Buildings	\$3,479,122	\$ 291,509	\$ 0	\$3,770,631
Office equipment	12,553	895	0	13,448
Janitorial	3,284	0	0	3,284
Recreation equipment	184,196	0	0	184,196
Concessions	9,230	0	0	9,230
Auto	64,784	0	0	64,784
Baseball field equipment	230,744	6,237	0	236,981
Baseball field lights	109,895	0	0	109,895
Fence	<u>60,031</u>	<u>1,887</u>	<u>0</u>	<u>61,918</u>
Total	<u>4,153,839</u>	<u>300,528</u>	<u>0</u>	<u>4,454,367</u>
Accumulated depreciation	<u>2,300,968</u>	<u>136,435</u>	<u>0</u>	<u>2,437,403</u>
Net capital assets	<u>\$1,852,871</u>			<u>\$2,016,964</u>
Land	<u>\$ 488,536</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 488,536</u>

Depreciation expense of \$136,435 was charged to the general government, recreation function in the statement of activities.



**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**NOTE 5 - LEVIED TAXES**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the parish in October or November and are actually billed to the taxpayers in December. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year received.

The Parish of Ouachita bills and collects its own property taxes for the District using the assessed values determined by the tax assessor of the State of Louisiana.

For the year ended December 31, 2006, taxes of 7.50 mills were levied on property with assessed valuations totaling \$99,598,476 and were dedicated as follows:

	<u>Authorized Mileages</u>	<u>Levied Mileages</u>
General Fund, Operation and Maintenance	7.50	7.50 Mills

Total taxes levied were \$792,617 for 2006 and \$729,059 for 2005.

**NOTE 6 - LONG-TERM OBLIGATIONS**

At December 31, 2006, employees of the District have accumulated and vested \$0 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

**NOTE 7 - RISK MANAGEMENT**

In the ordinary course of business the district is at risk for property damage, liability, theft and worker's compensation. The district provides insurance coverage through the oversight entity, the Ouachita Parish Police Jury and commercial insurance companies. As a participant in the Police Jury's commercial insurance program the district also participates in the self-insurance fund maintained by the Police Jury. The District's annual contribution to the self-insurance fund is determined by the insurance company and their exposure for loss is limited to that amount.

**NOTE 8 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS**

Property tax revenues include amounts withheld by the Sheriff to make "on-behalf payments for fringe benefits" which represent the District's pro-rata share of retirement plan contributions for other governmental units. Because the District is one of several governmental agencies receiving proceeds from a property tax assessment, it has to bear a pro-rata share of the pension expense relating to the public employees who participate in the Parochial Employees Retirement System. The District's pro-rata share of the required contribution (\$24,273) that was withheld by the Sheriff from property tax collections to satisfy the District's obligation has been included as "Administration" in the expenditures of the General and Debt Service funds in these financial statements. The Districts has also increased its property tax revenues by the same amount of the expenditure.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**NOTE 9- SURPLUS DEBT SERVICE FUNDS**

It is the opinion of the Office of the Attorney General of the State of Louisiana that after general obligation bonds have been paid in full, surplus ad valorem tax revenues attributable to the bonds, should be returned to the taxpayers ratably, if practicable. If the expenses of such a return make this impractical, the excess revenues should be used for the purpose similar to that for which the bonds were authorized. The Districts 1997 bond issue is for capital purposes related to the Sterlington recreation facility as stated in the proposition approved by the voters. At year-end, the District had accumulated money in the amount of \$9,346 in the debt service fund in excess of all principal and interest payments due. The Board of Commissioners has determined a tax refund not practicable. The surplus funds will remain in the debt service fund until the Board of Commissioners has determined their resolution.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**REQUIRED SUPPLEMENTAL INFORMATION (PART II)**

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**PARISH OF OUACHITA, STATE OF LOUISIANA**  
**Monroe, Louisiana**

**BUDGET COMPARISON SCHEDULE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Ad valorem taxes	\$717,288	\$700,000	\$ 700,000	\$ 17,288
Concessions	28,158	30,000	30,000	(1,842)
Membership dues	10,177	10,000	10,000	177
Registration fees	39,226	28,000	28,000	11,226
Interest	8,894	5,000	5,000	3 894
Other	<u>6,020</u>	<u>5,000</u>	<u>5,000</u>	<u>1,020</u>
Total revenues	<u>809,763</u>	<u>778,000</u>	<u>778,000</u>	<u>31,763</u>
<b>EXPENDITURES</b>				
Current:				
Administration	76,924	79,000	75,000	(1,924)
Athletics	37,836	44,700	44,700	6,864
Operations and maintenance	235,890	240,000	267,000	31,110
Salaries and benefits	397,802	430,000	406,000	8,198
Concessions	19,765	25,000	20,000	235
Capital outlay	<u>300,528</u>	<u>50,000</u>	<u>270,000</u>	<u>(30,528)</u>
Total charges	<u>1,068,745</u>	<u>868,700</u>	<u>1,082,700</u>	<u>13,955</u>
Excess of Revenues Over (Under) Expenditures	<u>(258,982)</u>	<u>( 90,700)</u>	<u>(304,700)</u>	<u>45,718</u>
Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(258,982)</u>	<u>( 90,700)</u>	<u>(304,700)</u>	<u>45,718</u>
FUND BALANCE, DECEMBER 31, 2005	<u>503,170</u>	<u>469,000</u>	<u>469,000</u>	<u>34,170</u>
FUND BALANCE, DECEMBER 31, 2006	<u>\$244,188</u>	<u>\$ 378,300</u>	<u>\$ 164,300</u>	<u>\$ 79,888</u>

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**PARISH OF OUACHITA, STATE OF LOUISIANA**  
**Monroe, Louisiana**

**NOTES TO BUDGET COMPARISON SCHEDULES**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**NOTE 1 - RECONCILIATION OF ACTUAL RESULTS TO BUDGETARY BASIS**

The budget for the year ended December 31, 2006 was prepared on a cash basis. The following schedule reflects the adjustments necessary to convert actual results from a GAAP basis to the cash basis for purposes of budget comparison in the financial statements.

<b>General Fund:</b>	<b>GAAP</b>			<b>Cash</b>
	<u><b>Basis</b></u>	<u><b>Receivables</b></u>	<u><b>Payables</b></u>	<u><b>Basis</b></u>
<b>Revenues</b>				
Ad valorem tax	\$798,652	\$(735,179)	\$ 653,815	\$717,288
Concessions	28,158	0	0	28,158
Membership dues	10,177	0	0	10,177
Registration fees	39,226	0	0	39,226
Interest	8,894	0	0	8,894
Other	<u>6,020</u>	<u>0</u>	<u>0</u>	<u>6,020</u>
Total revenues	<u>891,127</u>	<u>(735,179)</u>	<u>653,815</u>	<u>809,763</u>
<b>Expenditures</b>				
Administration	102,918	0	( 25,994)	76,924
Athletics	31,545	6,291	0	37,836
Operations	239,890	6,228	( 10,228)	235,890
Salaries	399,683	8,629	( 10,510)	397,802
Concessions	19,765	0	0	19,765
Capital Outlay	<u>300,528</u>	<u>0</u>	<u>0</u>	<u>300,528</u>
Total expenditures	<u>1,094,329</u>	<u>21,148</u>	<u>(46,732)</u>	<u>1,068,745</u>
<b>Fund Balance, Beginning of year</b>	<u><b>\$1,135,837</b></u>	<u><b>\$ 21,148</b></u>	<u><b>\$(653,815)</b></u>	<u><b>\$503,170</b></u>

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**OTHER SUPPLEMENTAL INFORMATION SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**COMPENSATION PAID BOARD MEMBERS**

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Board members received no compensation for the year ended December 31, 2006.

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**THE ROBINETTE FIRM**  
A Professional Accounting Corporation  
99A Lakeshore Drive  
Monroe, LA 71203  
(318) 342-8000  
Fax: (318) 342-8001

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF COMPONENT UNIT FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
East Ouachita Recreation District Number One  
of the Parish of Ouachita,  
State of Louisiana  
Monroe, Louisiana

I have audited the basic financial statements of the East Ouachita Recreation District Number One of the Parish of Ouachita, State of Louisiana, a component unit of Ouachita Parish Police Jury, for the year ended December 31, 2006, and have issued my report thereon dated June 21, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether East Ouachita Recreation District Number One's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance that is required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

Board of Commissioners  
East Ouachita Recreation District Number One  
of the Parish of Ouachita,  
State of Louisiana  
Monroe, Louisiana

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting, finding 2006-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

The East Ouachita Recreation District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and others within the organization, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*The Robinette Firm, APAC*

The Robinette Firm, A Professional Accounting Corporation

Monroe, Louisiana  
June 21, 2007



**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended December 31, 2006**

**Section I. Summary of Auditor's Reports**

a. Report on Internal Control and Compliance Material to Financial Statements

Internal Control

Material Weakness ☐ Yes ☒ No      Significant Deficiency ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

b. Not applicable

c. Not applicable

**Section II. Financial Statement Findings**

**Reportable Conditions**

**2006-1 Inadequate Segregation of Duties**

**CONDITION:** Personnel perform incompatible functions; i.e., those that allow an error or irregularity that is material to the financial statements to occur and remain undetected.

**CAUSE OF CONDITION:** Limited number of employees.

**CRITERIA:** A fundamental concept in a good system of internal control is the segregation of duties.

**EFFECT:** Errors and irregularities could occur without detection.

**RECOMMENDATION:** While the size of the District's staff prohibits complete adherence to duty segregation, management should provide additional oversight to compensate for the lack of controls.

**CORRECTIVE ACTION PLAN:** Management will implement the recommendations to the extent possible. However, a limited number of employees do not allow for adequate separation of duties.

**Responsible person:** James McKay.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**Section II. Financial Statement Findings (Continued)**

**Compliance Findings**

None

**Section III. Federal Award Findings and Questioned Costs**

Not Applicable

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**STATUS OF PRIOR YEAR FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**Reportable Conditions:**

**2005-1. Inadequate Segregation of Duties (originally cited 98-1)**

**STATUS:** See current year condition.

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**THE ROBINETTE FIRM**  
A Professional Accounting Corporation  
99A Lakeshore Drive  
Monroe, LA 71203  
(318) 342-8000  
Fax: (318) 342-8001

**MANAGEMENT LETTER**

Board of Commissioners  
East Ouachita Recreation District  
Monroe, LA 71203

In planning and performing my audit of the financial statements of East Ouachita Recreation District for the year ended December 31, 2006, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. The following recommendation is submitted to assist in improving the District's ability to report data consistent with the assertions of management in the financial statements.

**CREDIT CARD RECEIPTS**

During my test work, I noted that credit card receipts were not being turned in by employees in several instances. The receipts serve as evidence of the person purchasing the materials and supplies as well as evidence the item was received by an employee of the district. All employees should be required to retain and turn in the receipts for proper matching with the invoice.

**Corrective Action Plan:** Action will be taken to ensure employees turn in receipts or disciplinary action will be taken.

**Person Responsible:** James McKay, Director

**Date to be completed:** July 1, 2007

I appreciate the opportunity to present these comments for your consideration. I am prepared to discuss them at your convenience and to provide such assistance in their implementation as you may desire.

*The Robinette Firm, APAC*

The Robinette Firm, A Professional Accounting Corporation

Monroe, Louisiana  
June 21, 2007

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
MANAGEMENT LETTER  
STATUS OF PRIOR YEAR COMMENTS  
DECEMBER 31, 2005**

**2005 COMMENTS**

**FUEL RECEIPTS**

Status: See current year comment.